

Life Insurance – Group Life Portability upon Return to Work

Background

- When employees separate from employment, reduce hours to the point of losing eligibility for benefits, or retire, they have three options for their life insurance, Portability, Conversion or letting it lapse. Retirees have a fourth option, retiree life insurance.
- Porting means the employee may keep their basic and/or supplemental life insurance coverage. The employee may also choose to keep any dependent life insurance. The employee must apply and be approved by the carrier.
- Ported Life insurance remains in place until the age of 70, as long as the premiums are paid each month.

Ported Insurance upon Return to Work

When the employee returns to work in a benefits eligible position, the amount of their ported life insurance is reduced by the amount of employee life insurance elected.

The employee, assuming they are determined newly eligible using the correct A worksheet, would be eligible for the guaranteed issue amounts (up to \$250,000 if under the age of 60 or up to \$100,000 if age 60 or older). Any additional amounts will require carrier approval.

The ported amount is then reduced by the amount of employee life insurance the employee enrolls in. The carrier should be notified of the employee's return to work and the amount of life insurance elected. *Caution: If the carrier is not notified, the employee may be paying for coverage that would never be paid out in the event of a claim.*

For example:

Employee ported the following amount of life insurance:	Is re-hired into a benefits eligible position and elects:	The ported amount is reduced to:
\$25,000	\$25,000 basic + \$0 supplemental for a total of \$25,000	\$0
\$50,000	\$25,000 basic + \$225,000 supplemental for a total of \$250,000	\$0
\$250,000	\$25,000 basic + \$225,000 supplemental for a total of \$250,000	$\$250,000 - \$250,000 = \$0$
\$400,000	\$25,000 basic + \$250,000 supplemental for a total of \$275,000	$\$400,000 - \$275,000 = \$125,000$
\$750,000	\$25,000 basic + \$250,000 supplemental for a total of \$275,000	$\$750,000 - \$275,000 = \$475,000$